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CHAL-0690

16 June 1959

MEMORANDUM FOR THE RECORD

SUBJECT: Contract No. PF-400, Granger Associates, Termination Settlement for Item 2 and adjustment for additional flight testing services for Item 1.

1. Amendment No. 2 to the subject contract provided for implementing procurement of long lead time items for two (2) additional sets of Radar Repeater Jammers. Only an amount of \$15,000 was obligated as against a total estimate of approximately \$90,000 for the two units. No fee was established since it was anticipated that full authorization or a stop order would be issued shortly thereafter depending upon the outcome of flight tests. The contract provided for the above and also for the negotiation of fee if the Item was terminated.

2. On 25 November 1958 Item 2 was terminated completely and it was decided to continue with additional flight testing. On 5 November 1958, Contractor advised that he had incurred approximately \$2,900 of costs in performance of Item 2 prior to termination. He also advised that they had incurred approximately \$42,401.00 in the performance of Item 1 through 15 November 1958. Since the number of flights or the period of additional testing could not be reasonably forecast, the contractor estimated a monthly cost rate of \$3,200.00.

3. On 9 December 1958 (DPS-5989) Contractor was advised by the Contracting Officer, that the balance of funds remaining under Item 2 authorized to be used to cover the additional flight testing services and if a period of time could be reasonably forecasted, to submit a cost proposal for adjustment of estimated cost and fixed fee for Item 1.

4. The Contracting Officer was advised in March of 1959 that flight tests had been concluded and two (2) production units were to be procured. Since no proposal could be submitted prior to this cut off of tests, it was determined to be in the best interests of the Government to base the fee on the estimated monthly expenditure of \$3,200.00. In view of the foregoing, a total estimated cost of \$13,000 was agreed to and a fee of \$1,300 was acceptable to both parties for this additional work.

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5. Upon the completion of flight testing the Air Force Auditor had been requested to audit the final costs. His report indicated a final approved total cost of \$56,821.49. This total included an amount of \$1,947.21 as representing the termination inventory under Item 2. The Contractor was offered a settlement fixed fee of \$60.00 or approximately 3% of the work incurred on Item 2. This offer was accepted by the Contractor.

6. A recapitulation of the above as it applies to Amendment No. 3 and the Contract as a whole is as follows:

Basic Contract Item 1
Amend. #2 Item 2
Amend. #3 Item 1
Item 2

Auditors Recommended final cost
Reduction of funds allotted
per Amend. #2

25X1A10

7. The Contractor has been requested to submit the required Patent and Royalty Statements together with its final release and invoice. All Government-furnished property residual or otherwise remaining in contractor's possession is being transferred to the new contract for two (2) Production Units (Contract No. SE-509).

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Contract Negotiator

CONCURRENCE:

25X1A9a

Contracting Officer

25X1A9a DPD-DD/P: [redacted] arp
Distr.
1-PF-400
1-Finance
1-Air Force Auditor
1-Chrono

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